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UNUSED MANPOWER, THE NATION'S LOSS.

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DESPITE RECORD PEAKS IN EMPLOYMENT AND PRODUCTION, THE ECONOMY IS FAILING TO UTILIZE FULLY THE POTENTIAL OF ITS MANPOWER RESOURCES AS COMPARED TO THE 1950'S. IN 1965, THE EMPLOYMENT OF MEN BETWEEN THE AGES OF 25 AND 64 WOULD HAVE BEEN ABOUT 725,000 HIGHER IF THEY HAD WORKED AT THE RATE WHICH EXISTED FOR WHITE MEN IN 1951-53. THE GAP BETWEEN THE ACTUAL AND POTENTIAL EMPLOYMENT REPRESENTED A LOSS OF ALMOST $7 BILLION IN GROSS NATIONAL PRODUCT. TWO-THIRDS OF THE EMPLOYMENT GAP, 484,000, WERE CAUSED BY A HIGHER PROPORTION OF MEN OUTSIDE THE LABOR FORCE. THE REST, 238,000, REFLECTED HIGHER UNEMPLOYMENT. THE DECLINE IN THE UTILIZATION OF NONWHITE MANPOWER PERVADED ALL AGE GROUPS. OLDER MEN BETWEEN THE AGES OF 55 AND 64 ACCOUNTED FOR TWO-FIFTHS OF THE EMPLOYMENT GAP. EDUCATIONAL DIFFERENCES ARE ONE OF THE FACTORS OF MANPOWER UTILIZATION. POORLY EDUCATED WORKERS WILL HAVE GREATER DIFFICULTY IN FINDING WORK AND ADAPTING TO CHANGE AS LABOR FORCE EDUCATIONAL LEVELS RISE AND TECHNOLOGY REACHES NEW LEVELS OF COMPLEXITY. AN EXPANDING ECONOMY GENERATING EMPLOYMENT OPPORTUNITIES IS NOT ADEQUATE TO SOLVE THE PROBLEMS. ACTION IS NEEDED TO ATTRACT THOSE WHO ARE NOT CURRENTLY IN THE LABOR FORCE. FURTHER USE OF MANPOWER DEVELOPMENT AND TRAINING ACT PROGRAMS COULD RESTORE OLD AND DISABLED WORKERS TO THE PRODUCTIVE ROLE. DISCRIMINATION MUST BE ELIMINATED. BECAUSE SOME FACTORS IN UNEMPLOYMENT ARE STILL UNKNOWN, POLICY APPROACHES MUST BE FLEXIBLE AND RESPONSIVE TO NEW INFORMATION RELATING TO INDIVIDUAL NEEDS AND CAUSES OF LABOR FORCE BEHAVIORS. (FP)

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UNUSED MANPOWER: THE NATION'S LOSS.

U.S. DEPARTMENT OF LABOR: W. WILLARD WIRTZ, Secretary
MANPOWER ADMINISTRATION

PREFACE

The requirement of the Manpower Development and Training Act of 1962 that the Secretary of Labor report annually on the use of the Nation's manpower has stimulated new interest in problems related to the utilization of our human resources. This interest has given new impetus to a further analysis of manpower utilization. And, as a result, a new perspective has been gained about the characteristics and implications of data on employment. unemployment, and labor force participation which heretofore have not been fully explored. This new perspective relates primarily to the significant number of male workers in the central working ages who, for a variety of reasons, are not participating in economic activity. This bulletin discusses the trend of male nonparticipation in the labor force, indicates important differences in these rates by color and age, and examines some of the reasons why these disparities may exist.

The purpose of this report is to indicate the economic loss suffered by the Nation when substantial numbers of adult men are not participating in economic activity. An equal objective is to stimulate thinking about how these persons can be brought into the labor force so that they can achieve the dignity associated with work by becoming productive contributors to society.

This bulletin was prepared by Richard G. Seefer and Alexander A. Fourtune under the the direction of Joseph B. Epstein, Chief of the Economic and Manpower Research Group, Office of Manpower Policy, Evaluation, and Research, Manpower Administration.

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INTRODUCTION

The Employment Act of 1946 constituted the first legislative affirmation in this country of a policy of utilizing in our economy all persons able, willing, and seeking to work. The act acknowledged the Government's responsibility with respect to employment and represented a first step in the development of an active manpower policy.

Although two decades have passed, the full objective of the act has yet to be attained. In 1965 the unemployment rate for the year as a whole averaged 4½ percent, the lowest rate in 8 years. By December, the jobless rate had been reduced to 4.1 percent. Nonetheless, at yearend a total of 2.9 million men, women, and teenagers were unemployed—despite the fact that the economy was enjoying the longest peacetime period of uninterrupted growth in its history.

The unemployment rate—the proportion in the labor force out of work and looking for work—provides the best single measure of the extent to which our economy is failing to utilize its human resources. But it is not a complete measure of that failure. For, in addition to the unemployed, there is another manpower resource that fails to contribute to the Nation's production of goods and services. This consists of a large number of persons of working ages in the civilian noninstitutional population who are classed as "not in the labor force"—who are neither employed nor looking for work. These people, together with those who are unemployed, comprise the part of the population that can be viewed as "not utilized."

The reasons why persons are not in the job market and the conditions under which they might enter it are complex and difficult to assess. Yet, for certain groups the reasons are fairly obvious. Some, for example, may never be able to work because of insurmountable mental and physical disabilities. Most teenagers are not in the labor force on a full-time basis since their chief responsibility is acquiring an education. A majority of mothers spend full time taking care of home and children. And many married women do not work simply because their husbands' earnings provide an adequate standard of living. Not all persons of working age, therefore, should or could be expected to work or look for work.

In order to rule out as many of these limiting factors as possible, this report focuses on the utilization—that is, the employment—of men between the ages of 25 and 64. Not only do these men constitute the major component of the work force, but nearly all are likely to be employed or looking for work because of their heavy responsibilities. They have families to support; many have children to raise and educate; and most of them provide the bulk of family income. Hence, changes in the economic utilization of adult men may have far-reaching economic and social implications.

This does not mean, however, that problems of underutilized manpower are limited to the adult male population alone, but only that the technique for measuring their utilization, as used in this report, are not at present applicable to other groups. There are without doubt a considerable number of other persons—particularly adult women, but many youngsters and retired people as well—who want and need jobs but are not seeking them because they believe no opportunities exist or none are available that provide decent wages and working conditions. Still others are not participating in economic activity because of poor health and many mothers cannot be away from home because of a lack of day nurseries or other kinds of family care provisions.

The measure of utilization of adult men, as developed in this report, is based on an analysis of changes in employment, unemployment, and participation in the labor force since 1951–53. The utilization of men is identified by color for the following age groups: 25–44, 45–54, and 55–64.

The years 1951–53 were chosen as the basis for comparison because they provide a pragmatic

reference point for the analysis of labor force behavior under conditions of relatively full employment and its variations since then.[1] Not only was the national unemployment rate then at a record low for the years since the end of World War II, but the early 1950's also represent the most recent period in which unemployment last approximated 3 percent. In addition, participation of men in the labor force was at or near peak rates. (For nonwhites, labor force participation rates during 1951–53 were higher than for any subsequent year; participation rates for white men, however, in some years were occasionally higher than the base period.)[2]

The selection of the base period, which included the Korean conflict, does not imply, however, that partial mobilization is necessary for high utilization of this country's manpower. But it does indicate the effect of increased spending, both public and private, in generating and making available jobs for all those willing and able to work and the response of men to these opportunities as reflected in high labor force participation.

MANPOWER UTILIZATION RATES AND EMPLOYMENT GAP

In order to gain a better understanding of the changes that have taken place, two measures of utilization have been developed. The first indicates the rate at which manpower is being utilized (or not utilized) per thousand men in the civilian noninstitutional population, according to age and color, and changes over time. The second is an estimate of a gap in employment of men aged 25 to 64 defined as the difference between the actual number employed and the number which would have been employed if manpower were utilized at the same rates as were white men in 1951–53. The gap can also be described as the increase in employment—consisting of the reduction in the unemployed and those not in the labor force—required each year to achieve the unemployment rates and the proportion not in the labor force that prevailed for white men in the base period.

It should be stressed that the employment gap relates only to changes in the proportions unemployed and not in the labor force since 1951–53. For example, the portion of the employment gap attributed to increased nonparticipation in the labor force consists only of the number needed to achieve parity with the base period rates. Parity, however, does not imply 100 percent participation in the labor force, either now or in the 1951–53 base period.

The labor force behavior of white males in the base period for each age group was used as the standard for comparing the utilization of whites in subsequent years and of nonwhites both in the base period and following years. The white men's rates were used because in the base period their employment and labor force rates were higher and their unemployment rates lower than the rates for nonwhites. In a democratic society this disparity cannot and must not be accepted as inherent.

This report shows that sharp disparities exist in the pattern of utilization among different population groups. It is clear that a more precise measurement of full or optimum utilization of manpower must await more detailed information on labor force behavior. However, the data available do indicate, even without further refinement, that a significant number of men are not in the labor force because they are discouraged or inhibited from finding or seeking the jobs in which they can make their maximum contribution. This

[1] Because basic data relating to population, employment, and unemployment within the base period and between 1951–53 and subsequent years are not strictly comparable, three adjustments were made in the series: (1) Base year data were revised to reflect differences in population estimates arising from the 1950 census; (2) civilian labor force levels for 1951–53 were raised to take into account the increased numbers of adult men going into the Armed Forces during this period; and (3) employment and unemployment data for 1951–56 were adjusted to make them comparable with data for later years as a result of changes in definitions put into effect in 1957.

The labor force, employment, and unemployment data are derived from sample surveys of households and are subject to sampling variability. For a discussion of statistical reliability, see pages 2E–5E of *Employment and Earnings* of the Bureau of Labor Statistics.

[2] As a result of both low unemployment and high participation, differentials in the utilization between white and nonwhite men in the base period were the lowest than for any subsequent year with relatively low unemployment. For example, in 1956 the unemployment rate was 4.2 percent—the lowest since 1951–53. But at the same time the differential between white and nonwhite utilization worsened as a result of relatively higher unemployment and lower labor force participation among nonwhites. (See appendix table A–1.)

withdrawal from the labor force reflects the effect of many barriers—such as lack of employment opportunities, discrimination, mental or physical disabilities, and cultural and educational handicaps—the elimination of which is a prerequisite for the full utilization of the Nation's manpower.

SUMMARY OF FINDINGS

Despite record peaks in employment and production, the economy is failing to utilize fully the potential of its manpower resources, as compared with the early 1950's. In 1965:[3]

1. Employment of men 25 to 64 years old would have been about 725,000 higher if they had worked at the rate which existed for white men in 1951–53. (See chart 1.)
2. The lack of these jobs—that is, the gap[4] between actual and potential employment—represented a loss of almost $7 billion in gross national product.
3. Two-thirds of the employment gap—484,000—was caused by a higher proportion of men outside the labor force. The rest—238,000—reflected higher unemployment.
4. The decline in the utilization of nonwhite manpower has been especially severe, and has pervaded all age groups. Matching the white standard reference rate of the early 1950's would have required the employment of 300,000 more nonwhites in 1965.
5. Older men—white and nonwhite between the ages of 55 and 64—accounted for 290,000 or two-fifths of the total employment gap. Increased withdrawal from the labor force, most notable among this group, totaled 261,000, of which only a small proportion can be attributed to reasons of personal preference.

[3] Data for 1965 are based on preliminary annual averages of population, employment, and unemployment, as provided by the Bureau of Labor Statistics.

[4] The 1965 employment gap reflects an increase of almost one-third in the proportion of men not utilized—to 83 per thousand population—when measured against the standard rate for white males in the 1951–53 base period (63 per thousand). Conversely, the proportion of men who were utilized—that is, the employed—declined from the white standard rate of 937 per thousand to an average level of 917 per thousand in 1965.

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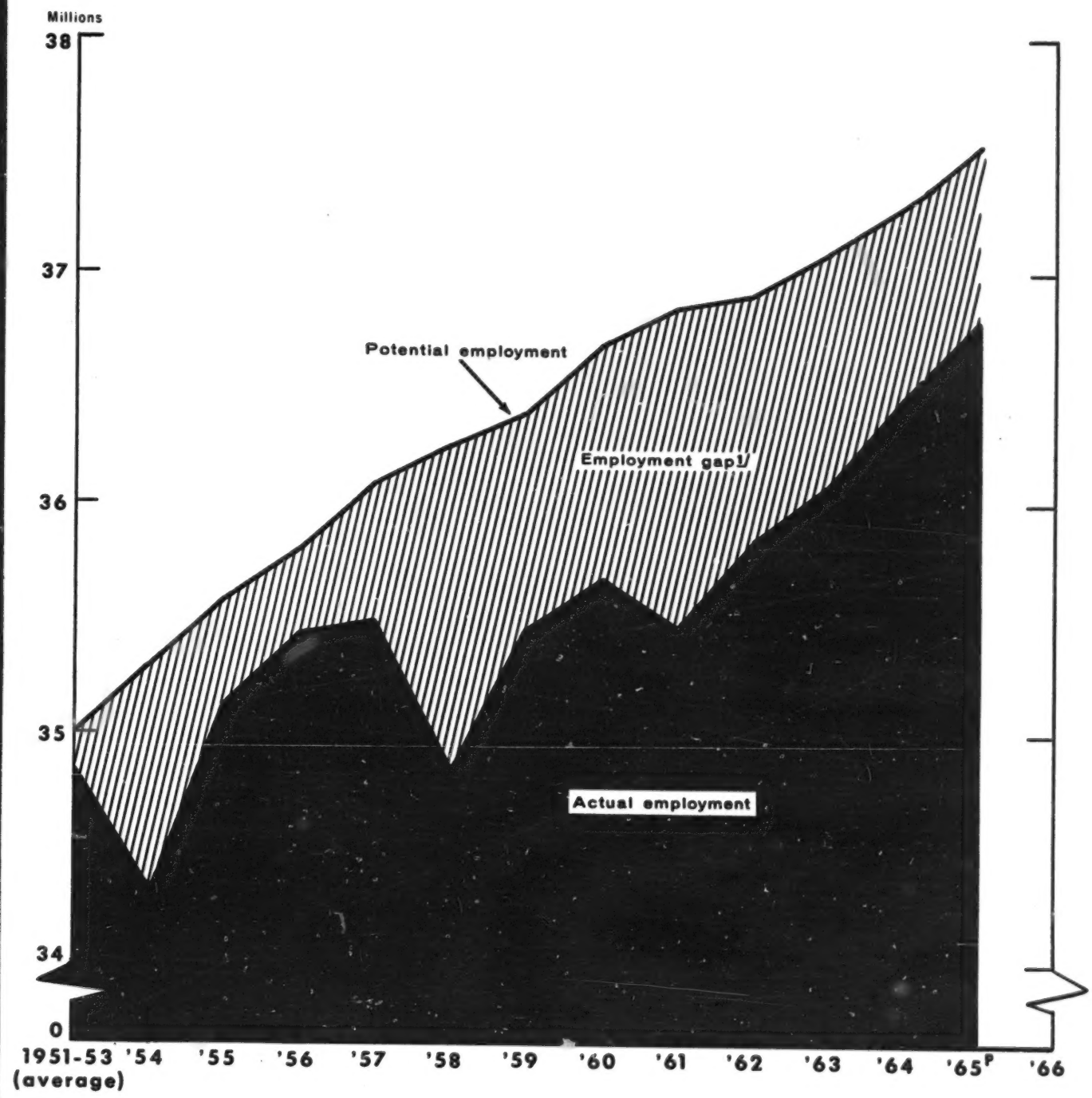
Chart 1

Employment gap for men aged 25 to 64 totaled 722,000 in 1965.



1/ For explanation of employment gap, see Introduction.

Note: P--preliminary.

Source: U.S. Department of Labor, Manpower Administration, Office of Manpower Policy, Evaluation, and Research, based on data from the Bureau of Labor Statistics.

TRENDS IN MANPOWER UTILIZATION

The employment gap was greatest in the recession years of 1958 and 1961—about 1.4 million in both years—and was due almost entirely to higher unemployment than in the base period. Since 1961 there has been a marked improvement, with the employment gap narrowing to 722,000 by 1965. However, the absence of these jobs represented a substantial loss in the Nation's potential output of goods and services. If this gap were closed and men utilized at jobs that contributed as much to national output as the average for all employed persons, the gross national product would have amounted to over $680 billion in 1965—almost $7 billion higher than that actually achieved.

Although the employment gap in recent years has been reduced, all of this improvement has been due to lower unemployment. At the same time, the number of men leaving the job market appears to have accelerated. For example, from 1954 to 1960 those outside the labor force accounted on the average for 11 percent of the employment gap. Since then, their share has gone up—from 213,000, or 16 percent of the total gap in 1961, to 377,000, or 46 percent in 1964. And in 1965 the portion of those not in the job market rose further —to 584,000—and for the first time constituted a majority (67 percent) of the gap. (See chart 2.)

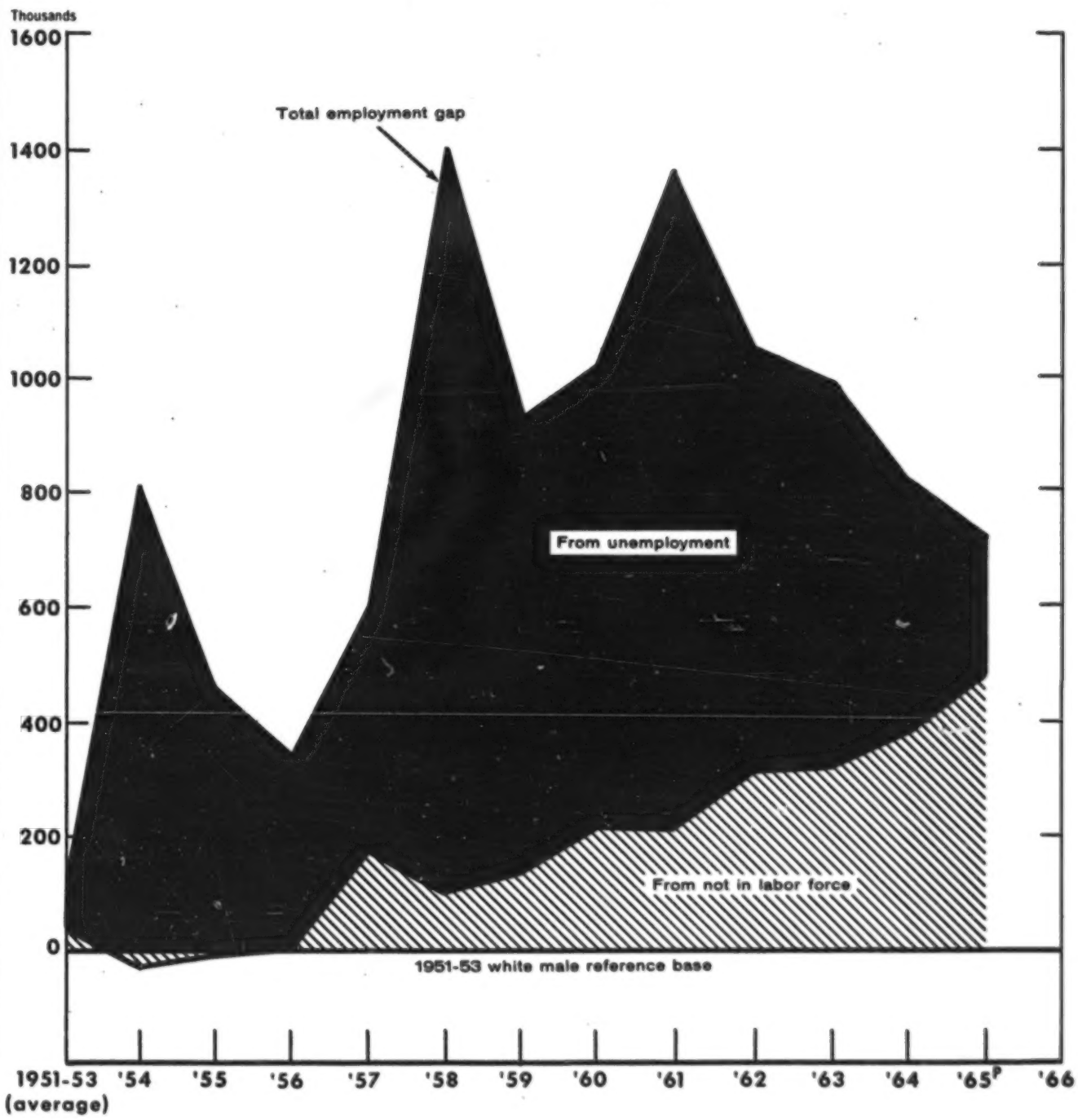
Of the total employment gap in 1965, nonwhite men accounted for 300,000—41 percent—although they comprised only 10 percent of the adult male population. Even in the 1951–53 base period an employment gap of 120,000 jobs existed, all of which reflected the significantly higher rates of unemployment and lesser participation of nonwhites in the labor force. This gap widened by an average of almost 45,000 jobs a year up to 1961, when it reached a peak of 470,000. During the past 4 years, however, there has been diminution of the gap and by 1965 it was at its lowest level since 1957. (See chart 3.)

Yet, despite this improvement, the proportion of nonwhite manpower that is not utilized remains distressingly high when contrasted to whites. Nonwhite unemployment is currently twice as great and nonparticipation is 60 percent higher than among whites. Moreover, between 1951–53 and 1965 these differentials have widened appreciably. (See chart 4.) Much of the differential in the overall participation rates between whites and nonwhites probably reflects the higher proportion of nonwhites who are not married, since participation rates of nonmarried men are generally lower than those of married men. The rates are about the same for married men, both whites and nonwhites.

The rise in the proportion of nonwhite men outside the labor force is particularly disturbing because it has occurred among all age groups—younger as well as older men. On the other hand, labor force participation rates of white men between 25 and 54 did not change appreciably. Most of the white men who left the job market were older workers, 55 to 64 years old. Although some of the decline in the participation rates of older workers undoubtedly reflects increased availability of early retirement opportunities, for many their withdrawal is involuntary and represents a loss of potential manpower.

Chart 2

In 1965, for the first time, a majority of the employment gap among men aged 25 to 64 was from those outside the labor force.

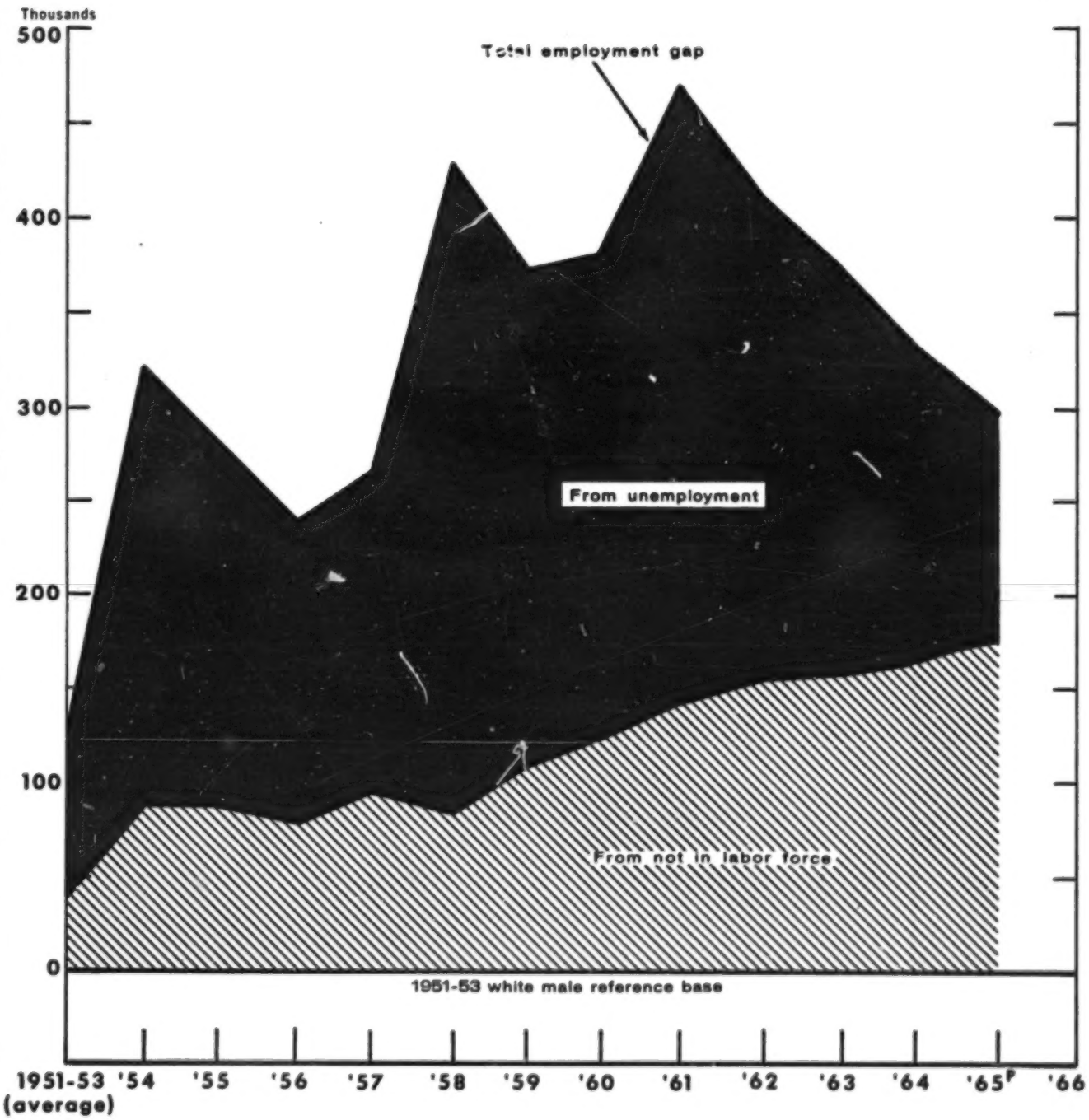


Note: P--preliminary.

Source: U.S. Department of Labor, Manpower Administration, Office of Manpower Policy, Evaluation, and Research, based on data from the Bureau of Labor Statistics.

Chart 3

Employment gap for nonwhite men aged 25 to 64 totaled 300,000 in 1965.



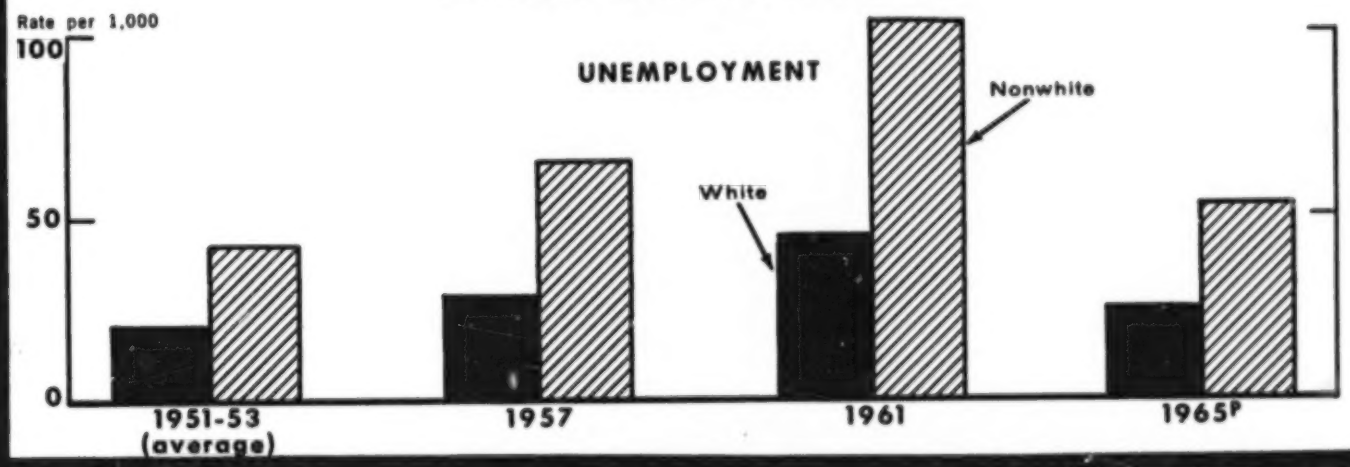
Note: P--preliminary.

Source: U.S. Department of Labor, Manpower Administration, Office of Manpower Policy, Evaluation, and Research, based on data from the Bureau of Labor Statistics.

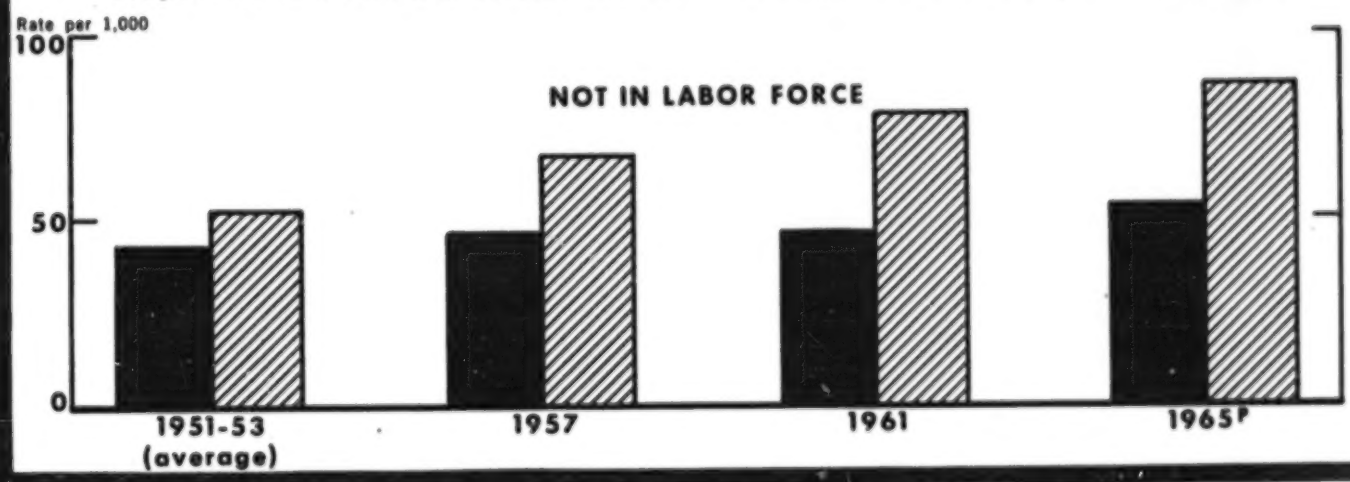
Chart 4

Utilization of Men, 25 to 64 Years Old by Color, 1951-53 to 1965[1/]

Since 1961 unemployment rates have fallen sharply, especially for nonwhites, but remain above 1951-53 average.



Proportion of nonwhites outside the labor force has risen steadily since 1951-53.



White and nonwhite employment rates, although up from 1961, remain below those of 1951-53.

MORE OLDER MEN LEAVING LABOR FORCE

Of all age groups covered in this report, white and nonwhite men between the ages of 55 and 64 experienced the most rapid decline in utilization—their combined employment rate dropping from 853 per thousand in 1951–53 to 819 in 1965. In 1965, employment would have had to be increased by 290,000 for men of these ages in order to achieve the 1951–53 standard rate for white men. (See chart 5.)

Most of the decline in employment of older workers has been due not to mounting unemployment (from which many are protected by seniority) but to increasing proportions not in the labor force. For example, between 1951–53 and 1960 the number of men withdrawing from the job market rose from 122 to 132 per thousand. Since then this rate has accelerated, rising to 153 per thousand in 1965. In other words, two-thirds of the increase in the proportion of older men outside the labor force has taken place during the past 5 years alone.

Although labor force participation rates of both whites and nonwhites declined, the reduction was much greater among nonwhites as the number withdrawing from the labor force rose by 73 to 212 per thousand in 1965. This was almost three times the rise in the nonparticipation rate of white men, which rose by 27 to 148 per thousand. The generally low levels of education of older nonwhites and their concentration in unskilled jobs, many of which require vigorous health, apparently make them less adaptable to changing demands of the job market. Moreover, premature loss of work is likely to impose much greater economic hardships on older nonwhite breadwinners because of financial vulnerability due to their low income. For example, in March 1965, 30 percent of employed nonwhite male breadwinners aged 55 to 64 lived in families with less than $3,000 income in 1964. By contrast, only 11 percent of the white men had families with such low income. Furthermore, the median income of nonwhite families was only $4,370—less than 60 percent of the corresponding white family income.

As indicated above, between 1951–53 and 1965 most of the reduction in employment rates of older men has been accounted for by decreasing participation in the labor force, which has been particularly pronounced during the 1960's. At the same time, the unemployment situation among older workers has improved markedly. For white men this was reflected in a drop in unemployment from 47 per thousand in 1961 to 26 per thousand in 1965. This reduction, however, has not been accompanied by an increase in employment rates. The fact that the proportion employed has not changed significantly during the past 4 years, despite reductions in unemployment, suggests that many white men on balance are no longer looking for work and are leaving the work force altogether.

On the other hand, about one-third of the reduction in unemployment among older nonwhites during the past 4 years has been reflected in a rise in employment. The reasons why recent employment rates of nonwhites have risen and those of whites have not are not clear, but it may be that the jobs which were available for nonwhites were ones which whites were generally unwilling to accept. In addition, the current economic expansion may also have resulted in the creation of relatively more employment opportunities for older nonwhites than were previously available. However, the nonwhite unemployment rate, at 43 per thousand in 1965, is still disproportionately high compared with 26 per thousand for white workers.

The lower utilization rates of nonwhites as compared to those of whites reflect the combined effects of many inequities; among these are discrimination, poor health, lack of job opportunities, and inadequate education. Because many nonwhites have traditionally been employed in jobs requiring heavy manual labor, they have probably been more

Chart 5

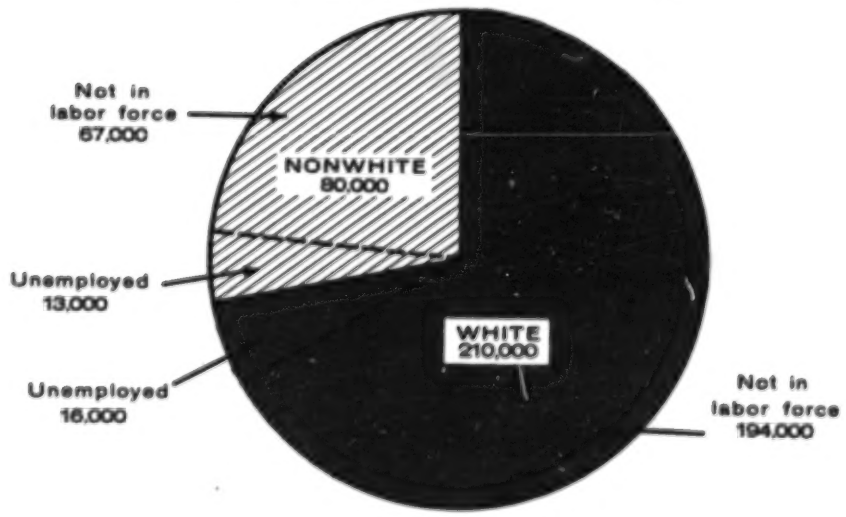
Although nonwhite men made up only 16 percent of the increase in the older population between 1951-53 and 1965,...

Increase in the Male Population 55 to 64 Years Old
Average 1951-53 to 1965

Total: 1,270,000

...they accounted for more than one quarter of the decline in utilization among older men.

Number of Jobs Needed in 1965 to Reach 1951-53
Utilization Rate of White Males



Total: 290,000

subject to forced "retirement" for reason of health. In addition, it is these jobs which have been among those hardest hit by increasing mechanization.

For both white and nonwhite older men, some of the decline in participation rates undoubtedly reflects the rising incidence of early retirement. From 1961 to 1965, for example, about 1¼ million men between the ages of 62 and 64 have taken advantage of the amendments to the Social Security Act which permitted early retirement with reduced benefits. While it is difficult to assess the net effect of this development on manpower utilization—because it is not known how many have voluntarily taken advantage of early retirement—it appears likely that many older men are being forced out of the job market because of lack of employment opportunities, lack of skills or education, inability to meet the physical demands of the job, unwillingness to relocate, or discriminatory hiring practices.

For example, only 1 out of 10 men 62–64 years old receiving Social Security benefits in 1963 had retired because of preference for leisure. Two out of five had done so at the employer's decision, predominantly because of poor health or layoffs.[5] About three-fifths of the 62- to 64-year-old men who filed for old-age insurance benefits in 1962 were not employed at the time. About half of these had been out of work for more than 6 months and a fourth for 2 years or more.[6]

On the other hand, many men who retire early—voluntarily or involuntarily—have no intention of stopping work. For example, a survey of civil service retirees who left their jobs between the ages of 55 and 60 showed that 59 percent returned to work.[7] And a 1963 study sponsored by the Department of Health, Education, and Welfare found that nearly half of a group of involuntary early retirees looked for work after retirement.[8] The recent report of the Secretary of Labor on the problems of the older worker points out that: "Repeatedly the majority of retirees who have returned to work or wanted to return to work, give lack of adequate income as their reason."[9]

Changing attitudes toward early retirement and increasing retirement benefits may in time act as a strong inducement for men under 65 to retire. At present, available information is inadequate to establish conclusively the extent to which older men are retiring voluntarily, especially those who hold regular jobs, because they prefer leisure and can live comfortably under current benefit levels. At this point, the bulk of the evidence appears consistent with the hypothesis that most early retirement is not voluntary.

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[5] Erdman Palmore, "Retirement Patterns Among Aged Men: Findings of the 1963 Survey of the Aged," *Social Security Bulletin*, August 1964, p. 9.

[6] Unpublished data from Social Security Administration.

[7] "Thirty-Eight Years Is a Plenty." *Civil Service Journal*, October–December 1964.

[8] Theron J. Fields, *Company Initiated Early Retirement as a Means of Work Force Control: A Report to the Office of the Commissioner, Welfare Administration of the Department of Health, Education, and Welfare* (Ithaca, N.Y.: Cornell University, New York State School of Industrial and Labor Relations, December 1963).

[9] *The Older American Worker: Age Discrimination in Employment—Research Materials*, Report of the Secretary of Labor to the Congress under Section 715 of the Civil Rights Act of 1964 (Washington: U.S. Department of Labor, June 1965), p. 73.

DECLINING UTILIZATION OF MEN, 25 TO 54

Men between 25 and 54 years of age have the highest participation rates of any age group because it is during these ages that their economic and family needs are greatest. Most are heads of households who must have steady employment with adequate income to provide the goods and services required for the rearing of children, household maintenance, and to meet other major responsibilities during the course of a lifetime. However, even within this age bracket, there is a clear pattern of decreasing utilization associated with increasing age.

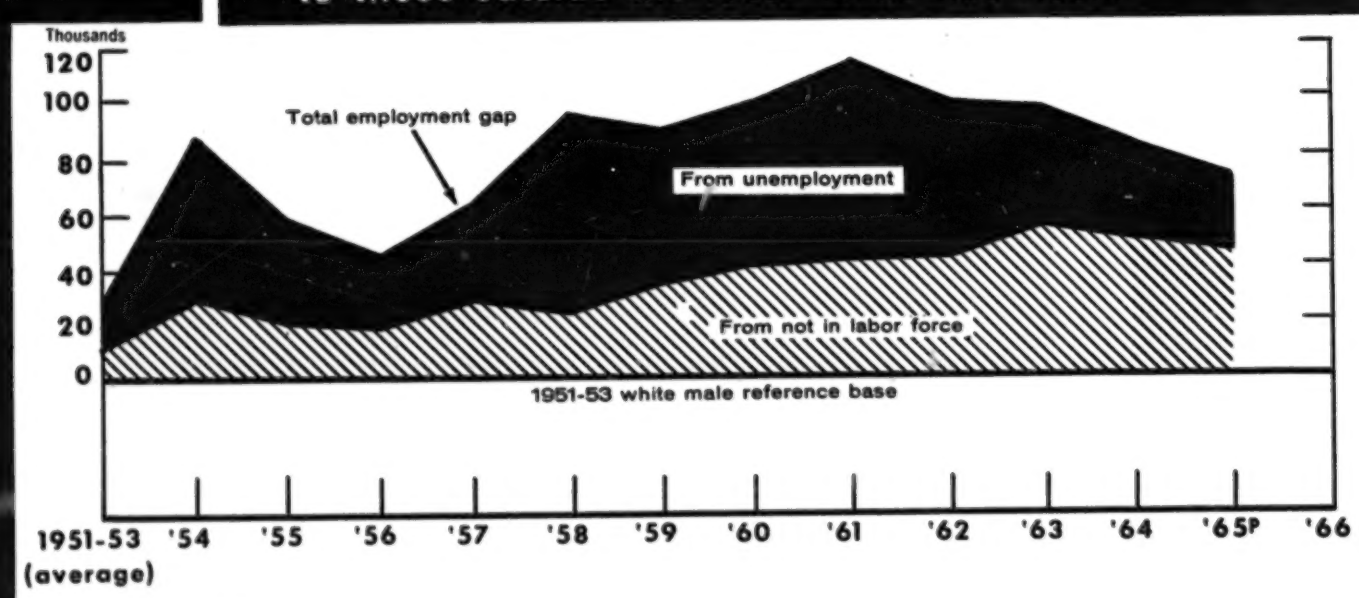
Although not as hard hit as men aged 55 to 64, the utilization of those 45 to 54 years old has also deteriorated significantly since 1951–53. By 1965 their average employment rates had fallen from 943 to 932 per thousand population. In terms of the white male reference rate of the early 1950's, the decline in utilization represented an employment gap of 152,000 jobs.

Men in this age group and their families usually suffer more economic hardships from the loss of employment than older men, since they seldom have recourse to retirement benefits if age or other discriminatory hiring practices or lack of skills prevent them from obtaining employment. As a result, some may be forced to live with or depend on relatives; others may have to rely on various other types of assistance, with attendant loss of self-respect.

Consistent with their generally lower pattern of utilization, employment of nonwhite men aged 45

Chart 6

Despite recent reductions in the employment gap of nonwhite men aged 45 to 54. the proportion attributed to those outside the labor force has risen.

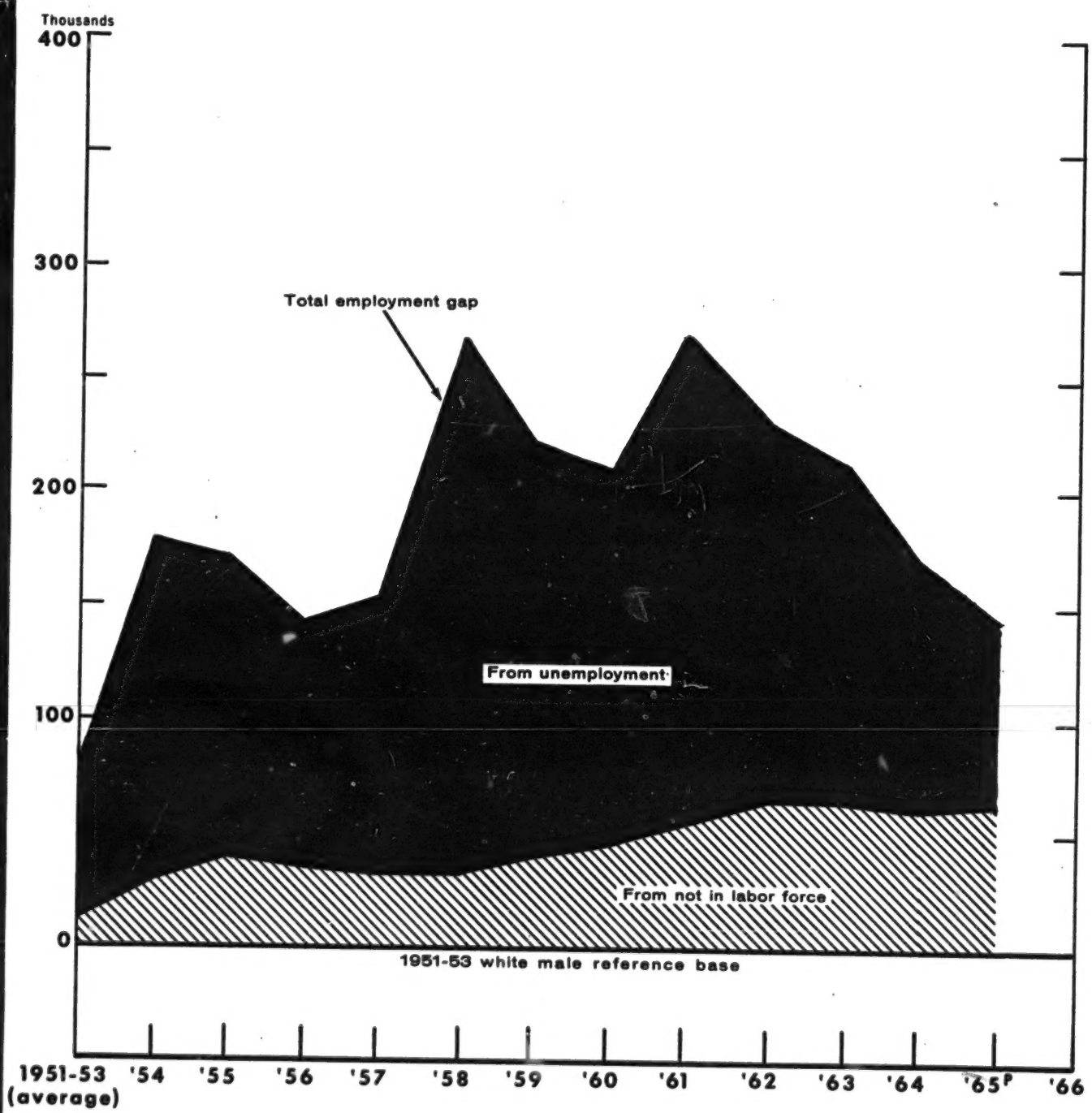


Note: P--preliminary.

Source: U.S. Department of Labor, Manpower Administration, Office of Manpower Policy, Evaluation, and Research, based on data from the Bureau of Labor Statistics.

Chart 7

The employment gap of nonwhite men aged 25 to 44 shows a steady rise in the number from outside the labor force.



Note: P--preliminary.

Source: U.S. Department of Labor, Manpower Administration, Office of Manpower Policy, Evaluation, and Research, based on data from the Bureau of Labor Statistics.

to 54 dropped more than for white men in the same age bracket. Although nonwhites constitute less than 10 percent of all men in this age group, they accounted for 48 percent of the 1965 employment gap for these ages. Almost two-thirds of the gap among nonwhite men was attributable to withdrawal from the labor force. (See chart 6.) By contrast, unemployment among whites in most years has constituted the bulk of their gap.

During the past 4 years, however, employment of both white and nonwhite men in this age group has improved, due principally to reductions in unemployment. Among nonwhites the proportion unemployed fell from 94 per thousand in 1961 to 47 per thousand in 1965, while among whites their corresponding rate dropped from 42 to 22 per thousand; for both groups, rates in 1965 were the lowest since 1951–53. On the other hand, there has not been much change since 1961 in the proportion outside the labor force. This appears to have stabilized at about 40 per thousand for whites and 81 per thousand for nonwhites, both of which are substantially above base period rates.

Utilization rates of younger men, white and nonwhite combined, aged 25 to 44, are the highest of the age groups covered in this report. Nevertheless, the same pattern of increasing nonparticipation that prevails among the older nonwhite age groups also applies to younger nonwhites. (See chart 7.) Their proportion outside the labor force rose from 32 per thousand in 1951–53 to 50 per thousand in 1965. In addition, unemployment of younger nonwhites increased by 10 per thousand to 54 per thousand. These increases—in both nonparticipation and unemployment—mean that employment of nonwhite males aged 25 to 44 would have to be raised by 144,000 in 1965 to match the white standard rate for the same ages in the early 1950's. These data reflect the frustrations and barriers that inhibit normal participation by nonwhites in the labor force.

In sharp contrast, the pattern of utilization for white men of these ages was characterized by a virtually stable rate of labor force participation. Most of their employment gap in 1965 was attributed to higher unemployment.

As a result of these differences in utilization, nonwhites 25 to 44 years old, as in the other age groups, account for a disproportionate share of the employment gap. Although nonwhites represent only 10 percent of the male population in this group, they comprise almost 60 percent of the gap attributed to lower labor force participation and almost one-half attributed to higher unemployment.

Since 1961, employment of men in these central age groups has also increased, with nonwhites showing a much faster rate of growth than whites. The improvement in the nonwhite employment rate, however, was less than the accompanying decline in unemployment, with the difference reflected in a rise in those outside the labor force. Among whites, their increased employment rate was due almost entirely to reduced unemployment.

EDUCATION AND MANPOWER UTILIZATION

The close relationship between low levels of educational attainment and high unemployment is well known and has been demonstrated in numerous studies. Less generally known is the substantial impact that inadequate education has on reduced labor force participation. While the correlation between limited education and low levels of utilization is not perfect, it is clear that the most educated are most fully utilized, and those with the least education suffer from the highest unemployment and participate least in the job market.

Moreover, at all levels of educational attainment, except the lowest, proportionately fewer nonwhites were employed than whites. For example, in March 1964, white men between the ages of 25 and 64 with 8 years of schooling were employed at the rate of 874 per thousand—50 per thousand more than the rate for nonwhites. (See table 1.) And even among college graduates, relatively more whites had jobs than nonwhites. Their utilization rates were 961 and 934 per thousand, respectively.

Despite the evidence that increased educational attainment is clearly associated with higher rates of employment for both whites and nonwhites, there are some noticeable deviations from this pattern which are difficult to assess. Among men with the least amount of schooling—4 years or less—the proportion of employed nonwhites was actually higher than the proportion of employed whites. Not only were relatively fewer nonwhites unemployed than whites (69 compared to 75 per thousand) but their proportion outside the labor force—166 per thousand—was also significantly lower than the rate for whites—205 per thousand.

While proportionately more white men had jobs than nonwhites, among those who had only 5 to 7 years of education these differences were relatively small—only 12 per thousand. On the other hand, the greatest difference in white-nonwhite utilization rates was among those with a grammar school

Table 1. Utilization of Men 25–64 Years Old, by Color and Years of School Completed, March 1964

[Rate per thousand population]

Color and employment status	Elementary school			High school		College	
	0 to 4 years	5 to 7 years	8 years	1 to 3 years	4 years	1 to 3 years	4 years or more
White							
Total not utilized (not employed)	280	169	126	93	53	60	39
Unemployed	75	63	53	47	27	22	9
Not in labor force	205	106	73	46	26	38	30
Utilized (employed)	720	831	874	907	947	940	961
Nonwhite							
Total not utilized (not employed)	235	181	176	119	122	76	66
Unemployed	69	84	87	77	90	52	39
Not in labor force	166	97	89	42	32	24	27
Utilized (employed)	765	819	824	881	878	924	934

education and those with a high school background. Apart from those with the lowest educational achievement, it is only among nonwhites with college experience that utilization rates approached those of white men with similar years of schooling.

In order to explain these variations in the patterns of labor force behavior associated with education, considerably more information is needed. The data suggest, however, that educational differences are one of many factors involved in the utilization of manpower. The fact that among men with 0–4 years of education relatively more nonwhites were employed than whites may reflect different living and working environments. This might include the concentration of nonwhites in low skilled, menial, and farm jobs, which are characterized more by part-time work or underemployment rather than regular full-time employment. Conversely, the sharply lower employment rates of nonwhite high school graduates as compared to white graduates may result more from discriminatory hiring practices than from rural-urban differences.

Despite these essentially noneducational factors, the indications are that poorly educated workers will have even greater difficulty in finding work and adapting to change as the educational level of the labor force continues to rise and as technology reaches new levels of complexity. The prospect is not only that the number of jobs requiring little or no education will continue to decline but also that the majority of jobs will require higher level skills and more education.

IMPLICATIONS FOR NEEDED ACTION

The Employment Act of 1946 was in large measure prompted by a concern over the possibility of sharp increases in unemployment following the demobilization of millions of military personnel and the discharge of war production workers at the end of World War II. The act thus laid the foundation for the establishment of an active manpower policy aimed at the maintenance of maximum employment consistent with price stability.

Two decades later the Nation is still concerned with problems of manpower—employment and unemployment—despite an impressive record of economic and social gains. Since 1961, the Government has undertaken a number of fiscal and monetary actions as well as education and training programs directed at solving specific manpower problems. The results of these efforts have been evidenced in the sustained progress of the economy in providing jobs for a growing labor force and in reducing unemployment.

This report has shown that up to 1961 the greatest impediment to full manpower utilization had been reflected in increased unemployment. Since 1961 there has been a substantial narrowing of the employment gap, caused by reductions in unemployment. But as unemployment has been reduced, nonparticipation in the labor force has assumed greater significance, absolutely as well as relatively. As a result, two-thirds of the employment gap in 1965 can be attributed to reduced labor force participation.

These developments have important implications for manpower policy. As efforts to reduce unemployment, as traditionally measured, to a minimum become increasingly effective, more attention will have to be directed to achieve full or optimum utilization of all our manpower resources. This suggests that those in positions of policy should expand their thinking beyond the traditional concept of the labor force, which has been primarily concerned with those either at work (employed) or looking for work (unemployed). Consideration should now be given to the formulation of economic and social policies and the development or expansion of programs to reach individuals not currently counted in the labor force—those in the working age population who may have given up the search for work or who have never looked for work.

Recognition of a policy of optimum manpower utilization--having as its primary objective a higher rate of labor force participation and employment—implies the establishment of an economic climate, consistent with price stability, resulting not only in the creation of new jobs but also in making them available to all who need and wish to work. At the same time, realization of this goal implies a parallel recognition: That full utilization of all our human resources could free many persons from the economic necessity of having to work in order to maintain an adequate family income. The resulting increase in employment opportunities for family breadwinners could enable other members of the family to turn to noneconomic interests and activities.

A variety of measures may be required to achieve full utilization. For workers who have given up the search for employment in the belief that no jobs are available, more consideration should be given to training such as that supplied under the Manpower Development and Training Act. Such training could be used as an instrument for restoring many workers who are old, disabled, or in poor health to an active and productive role in society. In this regard, the experience gained under the experimental and demonstration projects sponsored by the Manpower Administration is already beginning to show the benefits of proper encouragement, counseling, education, and training in helping people with especially difficult

employment problems to enter or reenter the world of work.[10]

Achievement of full manpower utilization—minimum unemployment and maximum participation in the labor force—requires the elimination of many barriers. One of these is discrimination, the evidence of which has been amply demonstrated by the falling utilization rates of older men and of nonwhites. As the provisions of the Civil Rights Act become fully effective, the situation of nonwhite men should improve.

The problems of the older worker call for additional attention and action. Since one of the purposes of the Social Security Act is to provide workers with a free choice between retirement and work, it is ironic that early retirement at reduced benefits has been a last resort for many older men. Hiring restrictions based on age must be eliminated so that more displaced older workers can be helped.

The reduction in unemployment over the past 4 years, particularly the marked improvements during 1965, demonstrates the vigor of the economy in generating employment opportunities. This reflects a national manpower policy directed to the maximum reduction in unemployment. But this is not sufficient. Action should now be directed even more specifically to those groups which have not shared in the general improvements and to those persons outside the labor force to enable and encourage them to enter the mainstream of the American economy.

[10] For example, see William F. Brazziel, *Factors in Workers' Decisions to Forego Retraining Under the Manpower Development and Training Act* (Washington: Norfolk Division, Virginia State College in cooperation with the U.S. Department of Labor, Manpower Administration, Office of Manpower, Automation and Training, June 1964).

But even as unemployment approaches the rates of the 1951–53 period, the pattern of labor force participation that existed in these years may not be fully restored. This appears to be the case for many nonwhites whose unemployment rates have declined substantially and whose employment rates have risen over the past several years. Where gains in their labor force participation might have been expected, however, the effect of economic growth appears only to have slowed the rate of decline. This development suggests the presence of serious problems and maladjustments in the Nation's social and economic fabric which will not be entirely corrected by an overall expansion in economic conditions alone.

At present it is not known to what extent the labor force behavior or the work experience of individuals is influenced by these factors. The policy approach, therefore, must be flexible and be responsive to new information relating to specific causes for individuals' decisions not to participate in the labor force. The research staff of the Manpower Administration and other Bureaus in the Department of Labor are developing more information which will shed light on these and other aspects of labor force behavior.

The objective of a free industrialized society must include comprehensive programs to evoke the full utilization of not only those who are willing and able to pursue economic activities but, also, of those who presently are not working or seeking work because of remediable ills, disabilities, or lack of motivation. This is necessary not only to maximize production for the benefit of the population as a whole, but also to develop each individual's contribution as a means of enhancing individual worth.

STATISTICAL APPENDIX

Employment, Unemployment, and Labor Force Participation of Adult Men, 1951–53 to 1965

The U.S. Department of Labor is the source of all data in this report unless otherwise noted. Data on utilization were derived from the population and labor force statistics as provided in the sample survey of households, collected and tabulated by the Census Bureau for the Bureau of Labor Statistics, and published in the *Monthly Report on the Labor Force.*

NOTE: Data for 1965 are based on preliminary annual averages of population, employment, and unemployment as provided by the Bureau of Labor Statistics.

Table A–1. Manpower Utilization of Men 25 to 64 Years Old in the Civilian Noninstitutional Population, by Color, 1951–53 to 1965

[Rate per 1,000]

Year	Total employed (white and nonwhite)	White				Nonwhite			
		Employed	Not utilized			Employed	Not utilized		
			Total	Unemployed	Not in labor force		Total	Unemployed	Not in labor force
1951–53 [1]	934	937	63	20	43	906	94	42	52
1954	915	922	78	38	40	848	152	86	66
1955	925	931	69	28	41	860	140	75	65
1956	927	933	67	25	42	873	127	64	63
1957	921	926	74	28	46	868	132	65	67
1958	900	908	92	48	44	824	176	112	64
1959	912	920	80	35	45	840	160	90	70
1960	910	918	82	36	46	841	159	85	74
1961	901	910	90	44	46	819	181	103	78
1962	909	917	83	34	49	834	166	85	81
1963	910	918	82	33	49	843	157	75	82
1964	915	921	79	28	51	853	147	63	84
1965 [2]	917	923	77	24	54	863	137	50	87

[1] 3-year average.
[2] Preliminary.

Table A–2. Manpower Utilization of Men 25 to 44 Years Old in the Civilian Noninstitutional Population, by Color, 1951–53 to 1965

[Rate per 1,000]

Year	Total employed (white and nonwhite)	White				Nonwhite			
		Employed	Not utilized			Employed	Not utilized		
			Total	Unemployed	Not in labor force		Total	Unemployed	Not in labor force
1951–53 [1]	955	959	41	19	22	924	76	44	32
1954	933	940	60	38	22	871	129	92	37
1955	947	955	45	26	19	879	121	81	40
1956	947	953	47	24	23	893	107	68	39
1957	943	949	51	26	25	890	110	73	37
1958	918	927	73	49	24	838	162	126	36
1959	935	944	56	34	22	859	141	102	39
1960	934	942	58	36	22	868	132	90	42
1961	925	935	65	43	22	841	159	113	46
1962	934	943	57	34	23	858	142	91	51
1963	935	943	57	33	24	866	134	83	51
1964	942	949	51	27	24	885	115	66	49
1965 [2]	946	952	48	23	25	896	104	54	50

[1] 3-year average.
[2] Preliminary.

Table A–3. Manpower Utilization of Men 45 to 54 Years Old in the Civilian Noninstitutional Population, by Color, 1951–53 to 1965

[Rate per 1,000]

Year	Total employed (white and nonwhite)	White				Nonwhite			
		Employed	Not utilized			Employed	Not utilized		
			Total	Unemployed	Not in labor force		Total	Unemployed	Not in labor force
1951–53 [1]	943	946	54	20	34	911	89	41	48
1954	923	931	69	37	32	845	155	86	69
1955	934	939	61	28	33	882	118	60	58
1956	937	941	59	27	32	893	107	51	56
1957	931	937	63	29	34	876	124	59	65
1958	912	920	80	46	34	843	157	97	60
1959	919	925	75	38	37	852	148	76	72
1960	919	926	74	35	39	844	156	78	78
1961	908	917	83	42	41	829	171	94	77
1962	919	926	74	34	40	845	155	77	78
1963	922	930	70	32	38	847	153	64	89
1964	926	933	67	28	39	861	139	54	85
1965 [2]	932	938	62	22	40	872	128	47	81

[1] 3-year average.
[2] Preliminary.

Table A–4. Manpower Utilization of Men 55 to 64 Years Old in the Civilian Noninstitutional Population, by Color, 1951–53 to 1965

[Rate per 1,000]

Year	Total employed (white and nonwhite)	White				Nonwhite			
		Employed	Not utilized			Employed	Not utilized		
			Total	Unemployed	Not in labor force		Total	Unemployed	Not in labor force
1951–53 [1]	853	855	145	24	121	825	175	36	139
1954	847	854	146	38	108	764	236	62	174
1955	841	849	151	35	116	753	247	74	173
1956	853	861	139	27	112	767	233	67	166
1957	838	844	156	30	126	774	226	47	179
1958	829	836	164	46	118	748	252	84	167
1959	837	845	155	34	121	757	243	68	175
1960	828	836	164	36	128	746	254	78	176
1961	822	831	169	47	122	730	270	86	184
1962	823	831	169	36	133	737	263	78	185
1963	825	831	169	35	134	764	236	61	175
1964	823	831	169	30	139	740	260	65	195
1965 [2]	819	826	174	26	148	745	255	43	212

[1] 3-year average.
[2] Preliminary.

Table B–1. Composition of the Employment Gap [1] of Men 25 to 64 Years Old, by Color, 1951–53 to 1965

[Thousands]

Year	Total employment gap	White			Nonwhite		
		Total	Unemployed	Not in labor force	Total	Unemployed	Not in labor force
1951–53 [2]	120				120	78	42
1954	816	493	601	−108	323	235	88
1955	462	178	268	−90	284	196	88
1956	345	107	180	−73	238	159	79
1957	605	340	250	90	265	169	96
1958	1,404	974	956	18	430	345	85
1959	928	555	520	35	373	265	108
1960	1,016	636	544	92	380	257	123
1961	1,370	900	829	71	470	328	142
1962	1,060	648	484	164	412	258	154
1963	994	619	455	164	375	216	159
1964	819	484	271	213	335	171	164
1965 [3]	722	425	119	306	297	119	178

[1] This table shows changes in the "employment gap," which represents the difference between actual levels of unemployment and nonparticipation (not in the labor force) and those which would have occurred if the pattern of labor force behavior of white men in 1951–53 had prevailed. These differences are derived by applying the base period pattern for each age group to the appropriate age and color groups in the population in subsequent years. It should be noted that the total employment gap for white men in some years is less than that due to unemployment and results from negative entries for those "not in the labor force." This reflects the fact that labor force participation rates of white men in these years were somewhat higher than they were in the 1951–53 base period. The effect of this development resulted in fewer numbers of men outside the labor force than that which would have been expected based on the standard of the early 1950's.

[2] 3-year average.

[3] Preliminary.

Table B–2. Composition of the Employment Gap [1] of Men 25 to 44 Years Old, by Color, 1951–53 to 1965

[Thousands]

Year	Total employment gap	White			Nonwhite		
		Total	Unemployed	Not in labor force	Total	Unemployed	Not in labor force
1951–53 [2]	75				75	55	20
1954	557	368	377	−9	189	158	31
1955	255	83	132	−49	172	133	39
1956	255	112	103	9	143	107	36
1957	346	193	135	58	153	120	33
1958	889	620	582	38	269	237	32
1959	525	303	295	8	222	184	38
1960	541	332	333	−1	209	164	45
1961	742	472	472	(3)	270	214	56
1962	536	305	279	26	231	165	66
1963	521	308	270	38	213	147	66
1964	363	194	150	44	169	108	61
1965 [4]	280	136	87	49	144	79	65

[1] See footnote 1, table B–1.

[2] 3-year average.

[3] Less than 500.

[4] Preliminary.

Table B–3. Composition of the Employment Gap [1] of Men 45 to 54 Years Old, by Color, 1951–53 to 1965

[Thousands]

Year	Total employment gap	White			Nonwhite		
		Total	Unemployed	Not in labor force	Total	Unemployed	Not in labor force
1951–53 [2]	29				29	17	12
1954	206	120	136	−16	86	56	30
1955	114	58	67	−9	56	35	21
1956	85	39	56	−17	46	27	19
1957	140	77	77	([3])	63	35	28
1958	324	230	230	([3])	94	70	24
1959	270	183	156	27	87	52	35
1960	273	176	131	45	97	56	41
1961	380	266	202	64	114	72	42
1962	278	180	125	55	98	55	43
1963	242	145	108	37	97	43	54
1964	204	121	78	43	83	33	50
1965 [4]	152	79	16	63	73	27	46

[1] See footnote 1, table B–1.
[2] 3-year average.
[3] Less than 500.
[4] Preliminary.

Table B–4. Composition of the Employment Gap [1] of Men 55 to 64 Years Old, by Color, 1951–53 to 1965

[Thousands]

Year	Total employment gap	White			Nonwhite		
		Total	Unemployed	Not in labor force	Total	Unemployed	Not in labor force
1951–53 [2]	16				16	6	10
1954	53	5	88	−83	48	21	27
1955	93	37	69	−32	56	28	28
1956	5	−44	21	−65	49	25	24
1957	119	70	38	32	49	14	35
1958	191	124	144	−20	67	38	29
1959	133	69	69	([3])	64	29	35
1960	202	128	80	48	74	37	37
1961	248	162	155	7	86	42	44
1962	246	163	80	83	83	38	45
1963	232	168	77	91	64	26	38
1964	252	169	43	126	83	30	53
1965 [4]	290	210	16	194	80	13	67

[1] See footnote 1, table B–1.
[2] 3-year average.
[3] Less than 500.
[4] Preliminary.

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